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SUBJECT: PRC-KAZAKHSTAN: NAZARBAYEV VISIT STRESSES

POLITICAL TRUST, OIL DEALS

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b/d).

¶11. (C) SUMMARY: The energy deal announced during Kazakhstan President Nazarbayev's April 15-19 visit to China was only a deal "in principle," and Sino-Kazakh energy cooperation was proceeding under "market principles," according to an MFA official. Otherwise, the visit emphasized security and law enforcement cooperation and contained familiar expressions of increasing mutual political trust. END SUMMARY.

¶12. (C) Drawing from prepared remarks that largely repeated official press statements, MFA European and Central Asia Affairs Department Central Asia Division Deputy Director Wu Changhong told PolOffs April 24 that Kazakhstan President Nursultan Nazarbayev's April 15-19 visit to Beijing had covered security, trade, energy, economic and cultural issues. In Beijing, Nazarbayev met with President Hu Jintao, Premier Wen Jiabao and National People's Congress Chairman Wu Bangguo. In Hainan, he participated in the Chinese government-backed Bo'ao Forum of Asian economic leaders.

China Stresses Political and Security Cooperation

¶13. (C) According to Wu, the two sides had exchanged "expressions of mutual political support," including for China's policies on Taiwan and Tibet, and emphasized the importance of maintaining stability in the Central Asian region. The two sides had agreed to strengthen security cooperation to respond to "shared threats," which include the "three forces" often invoked in Shanghai Cooperation Organization rhetoric: extremism, terrorism, and separatism. Wu said China and Kazakhstan had agreed on the importance of communication and information-sharing to counter trans-national criminal groups such as narco-traffickers, adding that such interaction had been increasingly active. In response to the global economic crisis, Wu said, the two sides had agreed to maintain trade ties and to coordinate economic response measures.

Energy Cooperation Developing "Smoothly"

¶14. (C) Wu said the two presidents had reaffirmed the importance of energy cooperation as a key component of their strategic partnership. According to Wu, the "loans-for-oil" deal announced after Nazarbayev's visit was actually an agreement "in principle," and the details remained under negotiation. Wu declined to elaborate on those details, although he insisted that Sino-Kazakh energy cooperation was based on "market principles." He stressed the "smooth development" of energy cooperation between the two countries, noting that the oil pipeline from western Kazakhstan to China was on track to be completed in 2009. Wu said the oil pipeline and "loans-for-oil" agreement would further promote the mutually-beneficial economic relationship between the two

countries.

Leadership Transition?

¶5. (C) While noting that President Nazarbayev enjoyed the support of the Kazakh people, Wu said that the question of the future transition of leadership in Kazakhstan was "very interesting" and China was watching the situation closely.

PICCUTA